

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2790 - Small Employer Health Care Pooling (LSB 6530 HZ)
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Fiscal Note Version - New

Description

House File 2790 provides for association health care plans, wellness incentives for small employers, and health benefit coverage for independent contractors. The Bill also creates a small business wellness program tax credit.

The tax credit is available to for-profit employers with 50 employees or fewer. A single employer may not claim credits in excess of \$2,500 per year. The credit is retroactive to January 1, 2006.

Assumptions

1. There are more than 64,000 private employers in Iowa with fewer than 50 employees, and those employers employ more than 400,000 persons.
2. At the maximum per-employer level of \$2,500, the \$10.0 million credit will finance 4,000 (6.3%) of employers employing fewer than 50 persons.
3. At a maximum of \$50 per employee, the \$10.0 million tax credit will finance 200,000 (50.0%) of the employees of qualified employers.

Fiscal Impact

The small employer wellness credit created in HF 2790 will reduce net General Fund revenue by a maximum of \$10.0 million per year, starting FY 2007.

The wellness tax credit created in HF 2790, along with the other provisions promoting and facilitating health care availability through small employers, may reduce government-funded health care costs. If so, State, federal, and local expenditures for health-related expenditures may decrease.

Sources

Department of Workforce Development employment statistics
Iowa Insurance Division

/s/ Holly M. Lyons

April 6, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
